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January 3, 2024

The Honorable Lloyd Austin
Secretary
U.S. Department of Defense
The Pentagon
Washington, D.C. 20301

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, D.C. 20220

Dear Secretary Austin and Secretary Yellen,

We write to ask about the potential inclusion of Quectel Wireless Solutions Co. Ltd. (Quectel) on the Department of Defense’s list of Chinese Military Companies (1260H list) and the Department of Treasury’s Non-SDN Chinese Military-Industrial Complex Companies List (NS-CMIC List). We have obtained information about Quectel that raises questions about whether Quectel may meet the legal requirements to be added to the lists, and accordingly respectfully request to be briefed on this matter.

Quectel, based in the People’s Republic of China (PRC), is the world’s largest supplier of cellular IoT modules and is currently gaining market share in the U.S. With tens of millions of Quectel modules in smart devices across the country, its status as a contributor to the PRC military—the People’s Liberation Army (PLA)—is highly relevant.

Under Section 1260H of the National Defense Authorization Act of 2021, the Secretary of Defense publishes a list of “Chinese military companies.”¹ Such companies are defined to include any non-natural person entity that is “identified as a military-civil fusion contributor to the Chinese defense industrial base” and is “engaged in providing commercial services, manufacturing, producing, or exporting.”² Among other qualifying considerations, a company is a “military civil fusion contributor” if such company is “affiliated with the Chinese Ministry of Industry and Information Technology, including research partnerships and projects.”³ The

¹ National Defense Authorization Act of 2021, Sec. 1260H(b)(2).

² Id., Sec. 1260H(d)(1)(B)(i)(I), (ii).

³ Id., Sec. 1260H(d)(2)(B).

Ministry of Industry and Information Technology (MIIT) was formed in 2008 and is key to the PRC's military-civil fusion strategy.

Quectel's multiple affiliations with MIIT, taken in their totality, would seem to make Quectel a "military-civil fusion contributor" under Section 1260H. In 2017, Quectel won an award at a Conference organized by MIIT and the Ministry of Science and Technology. The Chinese media reports on the award described Quectel as engaged in formulating standards and cooperating on testing with MIIT.⁴ In 2019, Quectel attended, and Quectel's marketing director spoke at, at a conference focused on supporting the IoT industry in China, which was put on by MIIT and the Shenzhen municipal People's Government.⁵ In 2019, Quectel won a 5G Application award in a competition organized by MIIT and other PRC entities as part of Xi Jinping's Network Great Power Strategy.⁶ Most important, in 2019, the MIIT designated several "Manufacturing Single Champion Products," which consist of certain products that have the capacity to be international leaders. Quectel's cellular IoT modules were designated. Quectel was the only IoT module maker to have a product designated.⁷ In 2020, MIIT invited Quectel to participate in a 5G symposium, and in the same month Quectel partook in another 5G conference organized by MIIT and a provincial government.⁸

There is also significant evidence suggesting Quectel may contribute to the defense industrial base, even apart from its MIIT ties. Quectel supplies IoT modules for Beidou,⁹ the

⁴ "BOE携手中国移动共同推动运营商TV产业发展：移远通信NB-IoT模组荣获2017世界物联网博览会银奖；海尔NB-IoT智能空调亮相世界物联网博览会 [BOE and China Mobile jointly promote the development of the operator's TV industry; Quectel's NB-IoT module won the Silver Award at the 2017 World Internet of Things Expo; Haier's NB-IoT smart air conditioner appeared at the World Internet of Things Expo]," *MSO Daily*, September 12, 2017.

⁵ "移远NB-IoT之路：要看模组好不好，商用情况最重要 [Quectel's NB-IoT Road: It Depends on Whether the Module Is Good or Not, the Commercial Situation Is the Most Important]," *C114 China Communication Network*, April 16, 2019.

⁶ 移远通信荣获第二届“绽放杯”5G应用征集大赛决赛优秀奖 [Quectel Won the Excellence Award in the Final of the 2nd 'Blooming Cup' 5G Application Contest]," *Sohu News*, October 23, 2019; "第四届“绽放杯”5G应用征集大赛5G应用安全专题赛决赛圆满结束[The finals of the 4th "Blooming Cup" 5G Application Collection Competition 5G Application Security Special Competition ended successfully]," Ministry of Industry and Information Technology, September 3, 2020.

⁷ "移远通信斩获工信部“制造业单项冠军产品”大奖 [Quectel Won the 'Manufacturing Single Champion Product' Award from the Ministry of Industry and Information Technology, Digital Communication World]," *Digital Communication World*, December 25, 2019; 国家第五批制造业单项冠军示范企业名单公布 [List of the Fifth Batch of National Manufacturing Single Champion Model Enterprises Announced], *China Jilin Net*, January 7, 2021.

⁸ "Qualifying Entities Prepared in Response to Section 1237 of the National Defense Authorization Act for fiscal Year 1999," Department of Defense, June 12, 2020. https://media.defense.gov/2020/Aug/28/2002486659/-1/-1/1/LINK_2_1237_TRANCHE_1_QUALIFYING_ENTITIES.PDF; "移远通信亮相中国移动全球合作伙伴大会，5G客户终端实力吸睛[Quectel appears at China Mobile Global Partners Conference, attracting attention with its 5G terminal abilities]," *Quectel Communications*, November 19, 2020.

⁹ "移远通信钱鹏鹤：小模块大生意 移远'志高行远' [Quectel Qian Penghe: Small Modules, Big Business, Quectel's 'Aspirational Going Far']," *Securities Times*, November 26, 2019; "移远通信：GNSS系列相关产品可支

PRC's GPS alternative, which the PRC views as critical to its military operations. Quectel is a key supplier for numerous firms that the Department of Defense has already listed as Chinese military companies under 1260H. Quectel has an ongoing relationship with China Mobile, China Telecom, and China Unicom.¹⁰ In 2020, the last of this trio even awarded Quectel the title "Best 5G Module Partner."¹¹ Quectel has not only been a major supplier of Huawei, but also has worked to develop technical standards with Huawei and has designed modules to integrate into Huawei's platforms.¹² PRC media even touted Huawei's use of Quectel modules as reducing Huawei's reliance on Western companies and thus lessening Huawei's vulnerabilities to U.S. export controls and sanctions.¹³ Quectel supplies modules to certain DJI drones.¹⁴ Ties are also deep between Quectel and ZTE. A former executive of ZTE, Qian Penghe, is now the Chairman and CEO of Quectel.¹⁵

持北斗导航系统 [Quectel: GNSS Series Related Products Can Support Beidou Navigation System],” *Yicai*, January 1, 2020; Sarah Sewall et. al, *China's BeiDou: New Dimensions of Great Power Competition*, The Belfer Center for Science and International Affairs, Feb. 2023, https://www.belfercenter.org/sites/default/files/files/publication/Chinas-BeiDou_V10.pdf; John Hardie, *China, Russia Deepen Partnership on Satellite Navigation*, Foundation for Defense of Democracies, Oct. 20, 2022, <https://www.fdd.org/analysis/2022/10/20/china-russia-satellite-navigation/>.

¹⁰ 移远通信携手中国移动举办5G行业终端扬帆计划闭门会 [Quectel and China Mobile Hold a Closed-Door Meeting on the 5G Industry Terminal Sailing Plan], Quectel Website, Accessed May 21, 2021; “This is the year of 5G scale development and 5G plays an important role in the strategy of building a network great power...” (移远通信出席中国移动5G终端先行者产业联盟第二届理事会会议 [Quectel Attends the 2nd Council Meeting of China Mobile 5G Terminal Pioneer Industry Alliance], Quectel Website, Accessed May 21, 2021.); 移远通信亮相中国移动全球合作伙伴大会，5G客户终端实力吸睛 [Quectel's Debut at China Mobile Global

Partner Conference, 5G Customer Terminal Strength Is Eye-Catching], Quectel Website, Accessed May 21, 2021; 移远通信和中国电信签署5G战略合作协议，共同推动5G规模化商用落地 [Quectel and China Telecom Signed a 5G Strategic Cooperation Agreement to Jointly Promote the Commercialization of 5G on a Large Scale], C114 Communication Network, July 2, 2020;

移远通信成为中国电信5G产业创新联盟副理事长单位 [Quectel Became the Vice Chairman Unit of China Telecom 5G Industry Innovation Alliance], Communication World, September 20, 2019; 移远通信荣获中国联通最佳5G模组合作伙伴奖 [Quectel won the Best 5G Module Partner Award of China Unicom], Sina Tech, June 8, 2020; 移远通信携手中国联通构筑5G新生态，领航新未来 [Quectel Joins Hands with China Unicom to Build a

New 5G Ecology and Lead a New Future], Quectel Website, September 12, 2020, Accessed May 21, 2021.

¹¹ 移远通信荣获中国联通最佳5G模组合作伙伴奖 [Quectel won the Best 5G Module Partner Award of China Unicom], Sina Tech, June 8, 2020. .

¹² NB-IoT规模商用,势不可阻挡_通信世界网 [Large-Scale Commercial Use of NB-IoT Is Unstoppable], *CWW*, June 27, 2018; 移远通信亮相华为欧洲生态大会，5G模组实力吸睛 [Quectel Debuts at Huawei's European Ecological

Conference, 5G Modules Are Eye-Catching], GEMMM.cn, Accessed May 21, 2021; 移远通信参加华为全联接大会，赋能终端生态 [Quectel participated in the Huawei Full Connect Conference to Empower the Terminal Ecosystem], C114 Communications, September 20, 2020; “移远通信正式成为海思5G全球授权合作伙伴 [Quectel Has Officially Become a Global Authorized Partner of HiSilicon 5G],” *Science and Technology Innovation Board Daily*, May 25, 2020.

¹³ “移远通信正式成为海思5G全球授权合作伙伴 [Quectel Has Officially Become a Global Authorized Partner of HiSilicon 5G],” *Science and Technology Innovation Board Daily*, May 25, 2020.

¹⁴ <https://bbs.dji.com/thread-297234-1-1.html>.

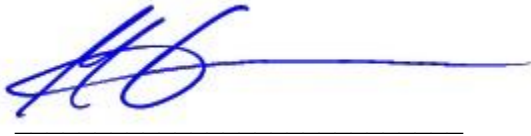
¹⁵ “Chinese Cellular IoT Technology: An analysis examining two companies”, *OODALoop*, January 24, 2023.

Companies must meet a slightly different threshold to be added to the NS-CMIC List. Per President Biden's Executive Order 13959, the Secretary may add companies to the list if a company "operate[s] or ha[s] operated in the defense and related materiel sector or the surveillance technology sector of the PRC."¹⁶ The information listed above, especially Quectel's contracts with other firms on the NS-CMIC list, seems to indicate that Quectel may meet this definition and thus should be listed as a PRC military company restricted from accessing U.S. capital.

We respectfully request a briefing with Select Committee staff as soon as possible to discuss this matter in detail.

Thank you for your attention to this important matter and work on behalf of the American people.

Sincerely,

A handwritten signature in blue ink, appearing to read "AG", followed by a horizontal line.

Mike Gallagher
Chairman
House Select Committee on the CCP

A handwritten signature in blue ink, appearing to read "Raja Krishnamoorthi", followed by a horizontal line.

Raja Krishnamoorthi
Ranking Member
House Select Committee on the CCP

¹⁶ Exec. Order No. 13959, Sec. (1)(a).